

**REQUEST FOR QUALIFICATIONS
INVESTMENT ADVISOR**

Dated: April 3, 2009



**California Infrastructure and Economic Development Bank
980 9th Street, 9th Floor
Sacramento, CA 95814**

**Responses shall be submitted via electronic mail (email) to ibank@ibank.ca.gov
no later than
3:00 p.m. (Pacific Daylight Time)
April 29, 2009**

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

REQUEST FOR QUALIFICATIONS INVESTMENT ADVISOR

Dated: April 3, 2009

I. INTRODUCTION

The California Infrastructure and Economic Development Bank (I-Bank) is requesting statements of qualifications from Firms interested in serving as the Investment Advisor to the I-Bank. The I-Bank seeks statements of qualifications from firms with experience providing investment management services to governmental entities including issuers of state or municipal bonds, to be provided in accordance with this Request for Qualifications (RFQ).

The scope of services and the information to be submitted are outlined in this RFQ. The I-Bank intends to select one or more firms (Firms) and to enter into a three-year agreement with the selected Firm(s) to serve as Investment Advisor(s) to the I-Bank as described in this RFQ. The I-Bank reserves the right to extend the term of the contract(s) for up to two (2) additional years subject to the satisfactory negotiation of terms, including a price acceptable to both the I-Bank and the selected Firm(s).

II. THE I-BANK'S INVESTMENT OBJECTIVES

The I-Bank's investment activities shall be managed with a high standard of accountability, transparency and professionalism worthy of the public's trust. The primary objectives of the I-Bank's investment activities in priority order, shall be:

- A. Safety.** The safety of principal is the foremost objective of the I-Bank's investment program. The I-Bank's investments shall be undertaken in a manner that seeks to ensure preservation of capital.
- B. Liquidity.** The I-Bank's investments shall be managed with sufficient liquidity to enable the I-Bank to meet reasonably anticipated cash flow requirements of the I-Bank's programs.
- C. Yield.** The I-Bank seeks to optimize the yield on its investments consistent with maintaining the higher priority objectives stated above.

For detailed information regarding the I-Bank's adopted investment practices and procedures, please refer to the I-Bank Investment Policy, dated March 28, 2006, included as Attachment A. The I-Bank Investment Policy is currently undergoing review.

III. DESCRIPTION OF CURRENT INVESTMENTS

The I-Bank has two enterprise funds, the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund). (The CIEDB Fund and the Guarantee Trust Fund are collectively the I-Bank Funds.)

The funds in the CIEDB Fund are currently held within the State's centralized treasury system (State Treasury) and in approximately forty-five trustee accounts held by Wells Fargo Bank, the trustee for the Infrastructure State Revolving Fund (ISRF) Program Bonds (ISRF Program Bonds Trustee). Funds in the Guarantee Trust Fund are currently held solely within the State Treasury.

Funds in the CIEDB Fund that are held in the State Treasury and all funds in the Guarantee Trust Fund are currently invested in the State's Surplus Money Investment Fund (SMIF) managed by the State Treasurer's Office under the direction of the Pooled Money Investment Board. Funds held by ISRF Program Bonds Trustee are currently invested in a AAA rated money market fund.

The I-Bank also manages the investment of funds in approximately 16 trustee accounts held by US Bank for the State School Fund Apportionment Lease Revenue Bonds (School Bonds). Funds held in the trustee accounts for the School Bonds are currently invested in a AAA rated money market fund.

The I-Bank is responsible for the investment of funds as shown on the I-Bank Quarterly Investment Report, dated December 31, 2008, attached to this RFQ as Attachment B.

IV. SCOPE OF WORK TO BE PERFORMED

The I-Bank is seeking qualified firm(s) to provide the investment management services specified below.

A. Bidding Agent Services for Structured Investments

The selected Firm(s), to the extent that market conditions permit, may be requested to serve as bidding agent for structured investments including, but not limited to, repurchase agreements, forward purchase agreements and guaranteed investment contracts in connection with bond proceeds for all applicable ISRF Bond Funds and State School Fund Bond Funds. Bidding Agent Services for Structured Investments include, but are not limited to the following:

1. Develop investment agreement specifications
2. Prepare investment agreement bid requests
3. Distribute bid requests to qualified investment providers
4. Conduct the competitive bid process
5. Provide certifications necessary to prove compliance with Federal tax law
6. Review, negotiate and recommend final terms and conditions of investment agreements
7. Review, negotiate and recommend amendments to investment agreements as necessary

8. Review, negotiate and recommend final terms and conditions for termination and liquidation of investments, as necessary
9. Monitor current events that may have a material effect on I-Bank investment agreements and advise I-Bank staff with respect to actions or remedies, if necessary

B. Non-Directed Investment Activity (Discretionary Investment Management Services)

The selected Firm(s) may be requested to provide Discretionary Investment Management Services applicable for funds designated to the Firm(s) by the I-Bank including, but not limited to, the following:

1. Provide monthly reports detailing information including but not limited to individual investment holdings, market values, interest earnings, daily reconciliation, asset allocation, portfolio return and weighted average maturities
2. Execute trades for the I-Bank
3. Provide documentation for competitive pricing of trade executions
4. Provide detailed reporting of transactions

C. Directed Investment Activity (Non-Discretionary Investment Management Services)

The selected Firm(s) may be requested to provide Non-Discretionary Investment Management Services for the I-Bank Fund, I-Bank Guaranteed Trust Fund and applicable bond funds including the ISRF Program Bonds and the School Bonds. Non-Discretionary Investment Management Services include, but are not limited to, the following:

1. Recommend investment strategies that will enhance portfolio performance under current and forecasted market conditions within the parameters of the I-Bank Investment Policy and the I-Bank's cash flow requirements
2. Provide investment research, credit analysis and other analytical reports related to investment strategies, investment benchmarks and other methods of evaluating the effectiveness and appropriateness of investments
3. Provide market quotations and descriptions for fixed-income securities
4. Assist with investment selection including recommendations with respect to competitive pricing of investments

D. Other Investment Management Services

The selected Firm(s) may be requested to provide Other Investment Management Services including, but not limited to the following:

1. Review and propose periodic recommended revisions to the I-Bank Investment Policy
2. Assist the I-Bank with the development of investment cash-flow projections
3. Assist the I-Bank with the development of custody agreements
4. Evaluate the creditworthiness of the I-Bank's current and prospective custodian banks
5. Perform due diligence reviews of current and proposed broker/dealers
6. General advisement on investment and investment related issues, as necessary

7. Provide services in connection with the termination and liquidation of structured investments
8. Other investment related services as requested from time-to-time by the I-Bank

E. Required Investment Reporting Standards

To meet the reporting requirements of the I-Bank, the selected Firm(s) shall report investment activity and investment performance to the I-Bank in accordance with:

1. The CFA Institute's Global Investment Performance Standards (GIPS) or equivalent industry standard
2. Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) statements applicable to reporting investments held by a governmental entity
3. The I-Bank Investment Policy, dated March 28, 2006 and included as Attachment A, and any amendments or revisions thereto

V. MINIMUM QUALIFICATIONS

Each of the following qualifications must be met in order for a Firm to be considered qualified for the purposes of this RFQ. Failure to satisfy the following qualifications shall result in the immediate rejection of the Firm's proposal. The Firm shall meet the following minimum qualifications:

- A.** The Firm must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940, and registered with any necessary State of California entities in order to perform the function of an investment advisor or have a pending registration with any necessary State of California entities.
- B.** The Firm must be completely independent of any financial institution and/or securities brokerage firm or shall fully disclose any affiliation with such financial institution and/or securities brokerage firm.
- C.** The Firm must have a minimum of five years experience providing investment management services for bond funds to California state or local government entities that have issued revenue bonds and/or general obligation bonds.
- D.** The Firm must be currently engaged to provide investment management services for at least five California municipal entities that have issued revenue bonds and/or general obligation bonds. Please list the five California municipal entities in your response to Section VIII. SUBMISSION REQUIREMENTS, Subsection C. Minimum Qualifications.
- E.** The Firm must possess sufficient staffing, financial and physical resources to perform the scope of services of this RFQ within a reasonable response time. The firm must identify a primary contact based in California that will be assigned to this agreement. This person

must be accessible to the I-Bank by an electronic email device such as a Blackberry or similar mobile device.

- F. The Firm must have continuous errors and omissions insurance coverage of at least \$1 million. Please attach evidence of insurance coverage to your proposal.
- G. The Firm must be willing to enter into an Investment Advisor agreement with the I-Bank consistent with the minimum General Terms and Conditions contained in Attachment C.
- H. The Firm's proposal to this RFQ shall be signed by an individual authorized to bind the Firm and contain the certification required in Section VIII. - SUBMISSION REQUIREMENTS, Subsection N. of this RFQ.

VI. DESCRIPTION OF THE I-BANK PROGRAMS

- A. **I-Bank Background.** The I-Bank was created in 1994 by the Bergeson-Peace Infrastructure and Economic Development Bank Act (Act) to provide the State of California (State) with an entity that has broad powers to finance a wide array of public development facilities and economic development facilities. The Act, as amended from time to time, provides the I-Bank with authority to, among other things, issue revenue bonds, make loans, provide credit enhancements, acquire and lease property and leverage State and Federal funds.

The I-Bank is governed by a five-member board of directors (Board) that consists of the Secretary of the Business, Transportation and Housing Agency, who serves as the chair, the State Treasurer, the Director of the State Department of Finance, the Secretary of the State and Consumer Services Agency, and an appointee of the Governor.

The I-Bank's primary programs currently include:

- *Infrastructure State Revolving Fund (ISRF) Program* (provides low-cost financing to local agencies for public infrastructure projects);
- *Industrial Development Revenue Bond Program (IDB Program)* (provides tax-exempt revenue bond financing for eligible small- to mid-size manufacturing companies);
- *Exempt Facility Revenue Bond Program* (provides tax-exempt revenue bond financing for certain IRS-approved activities);
- *501(c)(3) Revenue Bond Program* (provides tax-exempt revenue bond financing for certain nonprofit public benefit corporations);
- *State School Fund Apportionment Lease Revenue Bond Program* (provides tax-exempt revenue bond financing for school districts needing emergency apportionment loans as authorized by the State);
- *Public Agency Revenue Bond Program* (provides tax-exempt revenue bond financing for governmental entities, including the I-Bank for the purpose of funding its ISRF Program); and,

- *Other Tax-Exempt Revenue Bonds* (this category captures I-Bank bonds that do not meet the criteria of any of the five revenue bond programs listed above).

(The IDB Program, the Exempt Facility Revenue Bond Program, the 501(c)(3) Revenue Bond Program, the State School Fund Apportionment Lease Revenue Bond Program, the Public Agency Revenue Bond Program and Other Tax-Exempt Revenue Bonds are collectively referred to as the Bond Financing Programs.)

Below is information on the ISRF Program and the Bond Financing Programs.

- B. Infrastructure State Revolving Fund (ISRF) Program.** The ISRF Program is a statewide program that provides low-cost, long-term loans¹ up to \$10 million per project for sixteen statutorily designated categories of public infrastructure. ISRF Program eligible applicants include local government entities such as cities, counties, redevelopment agencies, special districts, assessment districts and joint powers authorities.

The ISRF Program was originally funded from State General Fund appropriations of \$50 million in the 1998/1999 State Budget and \$425 million in the 1999/2000 State Budget. Of this amount, \$293 million was redirected back to the General Fund in the 2001/2002 and 2002/2003 State Budgets to assist the State in addressing its budget deficit, leaving a net of \$182 million plus interest earnings for the program. While the appropriated funds have been committed to ISRF Program borrowers, additional ISRF Program financing has been made available because of an innovative “leveraged loan program” structure which involves the issuance of revenue bonds secured by the repayments from previously-approved loans. To date, the I-Bank has issued three series of tax-exempt revenue bonds totaling \$152 million to provide additional funding for the ISRF Program (ISRF Program Bonds)². The ISRF Program Bonds are unenhanced and rated “AA+,” “Aa2,” and “AA+” by Fitch Ratings, Moody’s Investors Service and Standard & Poor’s, respectively. To date, the I-Bank Board has approved 91 outstanding ISRF Program loans totaling nearly \$391 million.

The ISRF Program Bonds are primarily secured by a pool of existing loans pledged to each series under a Series Indenture. The ISRF Program Bonds are further secured by collateral under a Master Indenture consisting of excess coverage from all outstanding parity series and any payments from remaining loans pledged to the Master Indenture.

The I-Bank anticipates that it will issue additional series of ISRF Program Bonds within 12-24 months.

- C. Bond Financing Programs.** Pursuant to its Bond Financing Programs, the I-Bank serves as an issuer of revenue bonds, the proceeds of which are loaned to and repaid by participating parties for the purpose of financing economic development facilities within

¹ The term “Loans” is generically used to mean loans, leases/leaseback agreements and installment sale agreements.

² \$51,370,000 of ISRF Bonds, Series 2004 issued on March 18, 2004; \$52,800,000 of ISRF Bonds, Series 2005 issued on December 14, 2005; and, \$48,375,000 of ISRF Bonds, Series 2008 issued on September 24, 2008.

California. Excluding the ISRF Program Bonds, which have been issued to leverage the ISRF Program, the I-Bank and the California Economic Development Financing Authority, a predecessor to the I-Bank³, have since 1995 served as the issuers for over \$5.1 billion of bonds under the Bond Financing Programs (these bonds are referred to herein as the I-Bank's Conduit Bonds).

VII. CONTRACT TERM, CONTRACT SCOPE AND RFQ TIMELINE

- A. **Contract Term.** The I-Bank intends to select one or more Firm(s) and to enter into agreement(s) for a term of three years with the selected Firm(s) to serve as the I-Bank's Investment Advisor(s) providing investment management services as described in this RFQ. The I-Bank reserves the right to extend the term of this contract for up to two (2) additional years subject to the satisfactory negotiation of terms, including a price acceptable to both the I-Bank and the selected Firm(s).

The I-Bank anticipates a contract start date of no later than July 1, 2009.

- B. **Contract Scope.** The agreement(s) awarded to Firm(s) shall include scope of work described in Section IV. - SCOPE OF WORK TO BE PERFORMED of this RFQ and the General Terms and Conditions contained in Attachment C.
- C. **RFQ Timeline.** The following is a list of key dates up to and including the date proposals are to be submitted:

Event	Time (PDT)	Date
RFQ available to prospective bidders		4/3/09
Written questions to be sent via e-mail to ibank@ibank.ca.gov no later than	3:00pm	4/10/09
All questions received by the deadline and the written responses will be posted to the I-Bank's website at www.ibank.ca.gov by	5:00pm	4/17/09
Final date for submission of RFQ Proposal via e-mail to ibank@ibank.ca.gov by	3:00pm	4/29/09
Selection recommendation to the I-Bank Board projected to be on <i>(The I-Bank reserves the right to make a selection at a later meeting or to not make a selection at all.)</i>		5/19/09

VIII. SUBMISSION REQUIREMENTS

Firms interested in providing investment management services as the Investment Advisor to the I-Bank are requested to submit the following information, in the order of sections and method specified below. Failure to answer all questions or provide the requested information asked in the

³ In 1999, the I-Bank assumed the responsibilities, liabilities and obligations of the former California Economic Development Financing Authority.

RFQ may result in the proposal being deemed non-responsive. Please limit the total length of the response to 20 pages or less, including the Executive Summary and any attachments. (Label and attach all submittals with the letter and title of each requirement below.)

A. Executive Summary

Provide an executive summary describing the highlights of the statement of qualifications in response to this RFQ (2-page maximum).

B. RFQ Contact Person

Provide the name, title, address, e-mail address, telephone and fax numbers of the person who will serve as the Firm's primary contact regarding this RFQ.

C. Minimum Qualifications

Discuss how the Firm meets the minimum qualifications described in Section V. – MINIMUM QUALIFICATIONS of this RFQ.

D. Firm Overview

1. Provide a brief description of the Firm and its organizational structure, including the location(s) of the office(s) in California from which the primary work on this agreement is to be performed. Describe the staffing levels of the Firm's operations and explain any significant changes in staffing, if any, that have occurred during the previous three years. Please state whether the Firm is a certified small business, as established by the California Department of General Services.
2. Discuss whether there have been any significant developments in the Firm (e.g. changes in ownership, new business ventures) within the past three years and whether any changes are expected in the near future.
3. Describe the Firm's revenue sources (e.g. investment management, institutional research, etc.) and comment of the financial condition of the Firm.

E. Firm Experience

1. Experience with Structured Investments
 - a. Describe the Firm's experience with structured investments such as collateralized guaranteed investment contracts, forward delivery agreements (excluding swaps and derivative products) and repurchase agreements for municipal issuer clients including, but not limited to, California state or local government issuers within the last 5 years.
 - b. Describe the Firm's experience with structured investments such as collateralized guaranteed investment contracts, forward delivery agreements (excluding swaps

and derivative products) and repurchase agreements for revolving loan programs similar to the ISRF Program or Federal-funded Clean Water or Safe Drinking Water Revolving Fund Program within the last 5 years.

- c. Provide a list of structured investment transactions completed for the Firm's state or local government issuer clients including, but not limited to, California and non-California revolving loan programs. Please cite actual transaction dates, amounts, types of investment and client name for each transaction.
- d. Describe any post-closing services the Firm has provided during the last 5 years in connection with structured investments including, but not limited to, on-going credit analysis, amendments, terminations and liquidations.

2. Investment Management Experience

- a. Using the table format below, list a summary of the total of the Firm's managed institutional investments by category for the latest reporting period:

Type of Client	Bond Proceeds Investments	# of Separate Accounts		Other Investment Funds	Specify Types of Other Funds
Governmental					
Other Institutional		n/a			

- b. List in the following table the percentage by market value of the Firm's aggregate managed assets for the latest reporting period:

Type of Asset	Percent by Market Value
U.S. Treasury Securities	
Federal Agency Obligations	
Corporate Securities rated AAA - AA	
Corporate Securities rated A	
Corporate Securities rated BBB or lower	
Other (Please Specify):	

- c. List five clients that currently receive Non-Discretionary Investment Management Services from the Firm. Identify those relationships that are exclusively related to

bond proceeds and/or other relationships (e.g. enterprise funds, operating funds or retirement funds.)

- d. List the five largest clients, including the amount of assets under management that currently receive Discretionary Investment Management Services from the Firm. Identify those relationships that are exclusively related to bond proceeds and/or other relationships (e.g. enterprise funds, operating funds or retirement funds.)
- e. List the number of investment management clients the Firm has added in the last two years. List the number of investment management clients lost in the past two years and describe why.

3. Investment Philosophy/Approach

- a. Describe the Firm's investment philosophy for public clients including the Firm's approach regarding duration, weighted average maturity, asset allocation, credit quality and yield.
- b. Describe the Firm's approach to enhancing the performance of client portfolios (e.g. market research, credit analysis and trading strategies.)
- c. Describe the Firm's procedures to be followed in advising a client of potential or actual credit rating downgrade of an investment, investment provider or issuer.
- d. Describe what the Firm's recommendation would be for investing bond funds including but limited to reserve funds and revenue funds. Please provide specific examples of investments the Firm would consider in the current market environment.

4. Performance Reporting

- a. Describe how the Firm reports investment performance to a client. Submit samples of standard reports and describe their typical frequency.
- b. Indicate whether or not the Firm can provide monthly investment reports and is willing to develop reporting procedures consistent with I-Bank needs and objectives to produce monthly and annual reports.
- c. Describe the process the Firm would go through to assist in identifying appropriate investment benchmarks.

F. Staff Qualifications

Provide brief resumes for each executive or partner, manager, supervisor and staff member that will initially be assigned to provide investment management services identified in this RFQ. At a minimum, the resumes should cover the relevant experience and educational

background, professional licenses, relevant recent training, and any specialized training, skills and background in public finance. The resumes may also include information regarding the individual's participation in State or national professional organizations, speaker or instructor roles in conferences or seminars or authorship of articles and books.

Engagement partners, managers, supervisory and other staff assigned to provide services to the I-Bank may be changed if those personnel leave the Firm, are promoted or are assigned to another office. These individuals may also be changed for other reasons with the express prior written permission of the I-Bank. However, in either case, the I-Bank retains the right to approve or reject replacements.

G. Commitment to Provide Investment Management Services in the State

Please describe the Firm's commitment to provide investment management services in California. Include answers to the following questions in the response:

1. How many employees does the Firm have in California?
2. Has the Firm opened or closed offices in California or otherwise changed its operations within the State during the last three years?
3. What are the Firm's plans for its investment management practice in California during the next three years?

H. Conflict of Interest

If the Firm is selected to provide the services identified in this RFQ, will the contract between the Firm and the I-Bank create any current or potential conflicts of interest between the Firm's obligations to the I-Bank and the Firm's obligations to other clients of the Firm? Should the Firm know of any existing or potential conflicts of interest, please describe the nature of the conflict.

I. Legal Proceedings

Please indicate whether the Firm, any related entity, any principal of the Firm, or any individual identified in the response to this RFQ is or has been within the last five years:

1. The subject of any criminal or regulatory investigation or action; or,
2. A defendant in any civil litigation.

If so, include a full description of the matter and resolution. Limit the response to matters relating to the provision of investment management services which could or have had a material effect on the Firm's ability to perform the services requested in this RFQ.

J. References

Please provide the contact name, address and telephone number of five references from governmental agencies for which the Firm has provided investment management services (contacts can duplicate clients identified in Subsection E., Items 2.c. and 2.d. above).

K. Insurance

Describe the Firm's level of insurance for errors and omissions and other relevant insurance coverage and provide the name of the insurer and the scope of coverage.

L. Additional Information

Provide any other information the Firm believes is relevant to the I-Bank's selection process including, but not limited to, samples of reports and other deliverables applicable to the Scope of Services requested in this RFQ (additional information may be attached as an appendix or appendices).

M. Fee Proposals*

Provide the Firm's fees and expenses in a separate Fee Proposal for each type of investment management service listed below.

1. **Bidding Agent Services for Structured Investments.** Provide the Firm's Fee Proposal for providing the scope of services described in Section IV.A. of this RFQ.
2. **Discretionary Investment Management Services.** Provide the Firm's Fee Proposal for providing the scope of services described in Section IV.B. of this RFQ.
3. **Non-Discretionary Investment Management Services.** Provide the Firm's Fee Proposal for providing the scope of services described in Section IV.C. of this RFQ.
4. **Other Investment Management Services.** Provide the Firm's Fee Proposal for providing the scope of services described in Section IV.D. of this RFQ.

* **For Fee Proposals based on hourly rate(s), the Firm must submit the Fee Proposal using the format of the chart located on the next page.**

Cost for Services	
Staff Costs by Staff Title⁽¹⁾ or Flat Hourly Rate	Hourly Rate
Managing Director/Partner	
Investment Manager	
Investment Analyst	
Investment Assistant	
Clerical	
or Flat Hourly Rate	
	Describe
Miscellaneous Expenses⁽²⁾	

⁽¹⁾The listing of staff titles in the table is suggestive. Utilize the titles of the Firm's staff likely to work on this engagement.

⁽²⁾ List and describe miscellaneous expenses expected to be incurred for this engagement. The I-Bank will not pay for printing of e-mailed documents, parking or meals at the Firm's office, and the only fax charge that can be billed is the actual phone charge. The I-Bank will not reimburse for travel expenses.

N. Certification

As required in Section V. – MINIMUM QUALIFICATIONS, Subsection H., the cover letter to the proposal must contain the following certification:

I, the undersigned, am an authorized representative of _____ (Firm), have read and thoroughly understand the specifications, instructions and all other conditions of the RFQ for Investment Advisor issued by the California Infrastructure and Economic Development Bank (I-Bank).

Acting on behalf of the Firm, I do attest that the services offered by us meet the I-Bank's specifications in every respect (check one) ____ without exception/ ____ with exception.

[If "with exception" is checked, please briefly describe.]

We, therefore, offer and make this proposal to furnish the I-Bank the investment management services detailed in this proposal at the prices indicated.

O. Method of Submission of Proposal.

Submission of proposal in response to this RFQ shall be by **e-mail only** and must be provided in a PDF format. Proposals will be accepted until 3:00 p.m. (Pacific Daylight Time) on April 29, 2009 at the following e-mail address: ibank@ibank.ca.gov.

Please call Debra Otto at (916) 323-9570 if the contact person does not receive an e-mail confirming the receipt of the RFQ proposal. Firms that do not receive confirmations from the I-Bank accept the risk that their proposal has not been received. Any proposal not received on a timely basis will not be considered.

IX. RULES AND CONDITIONS

- A. The I-Bank is not responsible for any expense incurred in preparing and submitting a response to this RFQ or taking any action in connection with the selection process, or for the costs of any services performed by any Firm prior to the execution of a contract with the I-Bank.
- B. All materials submitted in response to this RFQ become property of the I-Bank and will not be returned. The materials will be a public record subject to disclosure under the California Public Records Act (Government Code Section 6250, et seq.).
- C. The I-Bank retains the discretion to decide not to utilize the services of any selected Firm or to terminate the selection without cause and without penalty, and selection of a Firm does not assure that any services will ultimately be requested.
- D. The I-Bank reserves the right to modify and/or suspend any and all aspects of this RFQ, obtain further information from any Firm responding to this RFQ, waive any defect as to form or content of this RFQ or any response thereto, and reject any and all responses to this RFQ.
- E. Each Firm responding to this RFQ shall, by submitting a response, waive any claim or right of action against the I-Bank by reason of any aspect of this RFQ process, including but not limited to the following: defects or abnormalities contained herein; defects or abnormalities in the selection process; the rejection of any proposal; the acceptance of any proposal; any statements, representation, acts or omissions of the I-Bank; the exercise of any I-Bank discretion set forth in or with respect to any of the foregoing; and, any and all other matters arising out of all or any of the foregoing.
- F. Oral communications with I-Bank officers and employees shall be non-binding on the I-Bank and shall in no way exempt the applicant from obligations as set forth in this RFQ.
- G. The I-Bank reserves the right to select a Firm that will best meet the I-Bank's needs, regardless of differences in fees and expenses among responders to this RFQ. The I-Bank retains the right to waive irregularities in any response.

X. RFQ SELECTION PROCESS

A selection committee made up of I-Bank staff will review and score all responses to this RFQ received by the deadline. Those responses complying with Section V. – MINIMUM QUALIFICATIONS of this RFQ will be evaluated based on the following criteria:

- A. Firm's Qualifications and Experience. The quality and depth of the Firm's staff expertise, capability and prior experience in providing investment management services including, but not limited to, past performance with respect to investment management services of comparable magnitude and complexity in California. Client references may be contacted to further understand the Firm's qualifications, experience and performance.

B. Competitiveness of proposed fees.

C. Overall quality of the written response to this RFQ.

Oral interviews may be scheduled by phone and the notice of the interview schedule, if any, will be provided to the primary contact designated by the Firm.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

INVESTMENT POLICY

Dated March 28, 2006

Attachment A
RFQ for Investment Advisor

California Infrastructure and Economic Development Bank
Investment Policy

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Attachment A
RFQ for Investment Advisor

California Infrastructure and Economic Development Bank
Investment Policy

1.0 Policy

This Investment Policy and the related Exhibits (collectively the “Policy”) are intended to provide guidelines for the prudent investment of the California Infrastructure and Economic Development Bank (“I-Bank”) funds and outline the policies for maximizing the efficiency of the I-Bank’s cash management system. The ultimate goal is to enhance the I-Bank’s financial return consistent with the prudent protection of the I-Bank’s investments while conforming to all applicable state statutes governing the investment of public funds.

2.0 Scope

It is intended that this Policy cover the following funds and accounts: the California Infrastructure and Economic Development Bank Fund (“I-Bank Fund”) and the California Infrastructure Guarantee Trust Fund (“Guarantee Trust Fund”), which are held in the State of California’s (“State”) centralized treasury system (“State Treasury”), accounts related to the Infrastructure State Revolving Fund (“ISRF”) Program Revenue Bonds (“ISRF Bonds”), which are held by a bond trustee and for any other bond funds for which the I-Bank is responsible for directing the investment of funds, such as the accounts related to the State School Fund Apportionment Lease Revenue Bonds (“School Bonds”).

The Policy is not intended to cover funds of other entities for which the I-Bank serves as the conduit issuer of bonds on their behalf.

3.0 Objectives

The overall program shall be designed and managed with a degree of professionalism worthy of the public trust. The primary objectives, in order of priority, of the I-Bank’s investment activities shall be:

- 1) Safety.** Safety of principal is the foremost objective of the investment program. The I-Bank’s investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
- 2) Liquidity.** The I-Bank’s investments will remain sufficiently liquid to enable the I-Bank to meet reasonably anticipated cash flow requirements.
- 3) Return on Investment.** The I-Bank seeks to optimize the yield on its investments, consistent with constraints imposed by its safety and liquidity objectives.

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4.0 Prudence

All persons authorized to make investment decisions on behalf of the I-Bank are fiduciaries and are to be held to the prudent investor standard applicable to California municipal entities: “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”¹

5.0 Delegation of Authority

Consistent with its authority under Government Code Sections 63023 and 63025.1 and pursuant to Resolution 06-13 adopted by the I-Bank Board of Directors (“Board”), the Executive Director is authorized to invest funds of the I-Bank. The Executive Director shall assume full responsibility for those transactions until the delegation of authority is revoked by the Board.

An internal investment advisory committee consisting of the Assistant Executive Director and at least two managers, along with an external investment advisor, shall advise the Executive Director regarding investments and management of the I-Bank’s investments.

The Executive Director may delegate the day-to-day investment operations to designated staff. The Executive Director, designated staff and external investment advisor, if any, shall make all investment decisions and transactions in strict accordance with applicable State law, this Policy, and such other written instructions as are adopted by the Board.

6.0 Internal Controls

The Executive Director shall be responsible for all transactions undertaken by the I-Bank’s staff, and shall establish a system of controls to regulate the activities of internal staff and any external investment advisors. No person may engage in an investment transaction pertaining to the I-Bank except as provided under the terms of this Policy and the procedures established by the Executive Director.

7.0 Ethics and Conflicts of Interest

Consistent with applicable conflict of interest and incompatible activity provisions, I-Bank employees involved in the investment process shall refrain from personal business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

¹ Government Code section 53600.3.

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8.0 Authorized Financial Dealers and Institutions

For any bond related funds that are outside of the State Treasury, a competitive bid process shall be used to place any investment transactions. A minimum of three bids or offers shall be obtained for each transaction, whenever practical and possible. It shall be the I-Bank's policy to purchase or sell securities only with properly licensed institutions and firms that have been approved by the State Treasurer's Office. No deposit of public funds shall be made except in a qualified public depository as established by State law. If an external investment advisor is authorized to conduct investment transactions on the I-Bank's behalf, the investment advisor shall use their own list of approved broker/dealers and financial institutions for investment purposes.

9.0 Safekeeping and Custody

All security transactions entered into by the I-Bank shall be conducted on a delivery-versus-payment basis. All cash and securities in the I-Bank's portfolio shall be held in safekeeping in the I-Bank's name by a third party bank trust department, acting as agent for the I-Bank under the terms of a custody agreement executed by the bank and the I-Bank. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) funds in the I-Bank Fund or Guarantee Trust Fund that are held in the State Treasury, (ii) money market mutual funds, and (iii) structured investment products used for bond fund investments, since these securities are not deliverable. Evidence of each of these investments will be maintained by the I-Bank's Executive Director.

10.0 Authorized and Suitable Investments – Funds in State Treasury

I-Bank Fund. In accordance with Government Code Section 63052(d), the I-Bank may direct the State Treasurer's Office ("STO") to invest the I-Bank Fund in the State's Surplus Money Investment Fund ("SMIF"), a State investment fund which is administered by the STO under the direction of the Pooled Money Investment Board. There is no limitation as to the percentage of the portfolio that may be invested in the SMIF. Alternatively, the I-Bank may direct the STO to invest the I-Bank Fund in any eligible securities specified in Government Code Section 16430 (see Exhibit A). Within the investments permitted by Government Code Section 16430, the I-Bank seeks to provide additional criteria to further restrict eligible investments. This additional criteria is shown as underlined text in Exhibit A. Purchases of individual securities shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Percentage holding limits listed in this section are applied at the time of purchase.

Guarantee Trust Fund. In accordance with Government Code 63062(a) and (b), the I-Bank may direct the STO to invest the Guarantee Trust Fund in SMIF or in any eligible securities specified in Government Code Section 16430 that are consistent with the additional criteria shown as underlined text in Exhibit A. Additionally, the I-Bank may direct the STO to invest the Guarantee Trust Fund in any other eligible securities listed in Government Code Section 63062(a)(see Exhibit B). Within the investments permitted by Government Code Section 63062(a), the I-Bank seeks to provide

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additional criteria to further restrict eligible investments. This additional criteria is shown as underlined text in Exhibit B.

11.0 Authorized and Suitable Investments – Bond Funds held by Bond Trustees

Bond funds shall be invested in accordance with the provisions of each bond indenture as authorized by Government Code Section 5922(d) and resolution of the Board. Eligible investments permitted by the 2004 and 2005 ISRF Bonds Series Indenture and 2005 School Bonds Trust Agreement are listed in Exhibits C and D, respectively. In the event an apparent discrepancy is found between this Policy and the applicable bond indenture, the more restrictive parameters will take precedence.

12.0 Prohibited Investments

Any investment in a security not specifically listed in Section 10.0 or 11.0 above, including the related Exhibits, but otherwise permitted by law, is prohibited without the prior approval of the Board. This Policy further specifically disallows investments in inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

13.0 Maximum Maturities

It is the objective of the I-Bank to accurately monitor and forecast revenues and expenditures so that the I-Bank can invest funds to the fullest extent possible. Funds of the I-Bank will be invested in accordance with sound treasury management principles.

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a collateral security underlying a repurchase agreement or collateral for an investment agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board prior to the investment.

With respect to maximum maturities, the Policy authorizes investing bond reserve funds and bond revenue funds beyond five years if prudent in the opinion of the Executive Director.

14.0 Credit Criteria

In the event a security held by the I-Bank is subject to a rating change that brings it below the minimum credit ratings specified in the Policy, the Executive Director shall notify the Board of the change at their next regularly scheduled meeting. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rating drops, and the market price of the security.

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15.0 Performance

For surplus funds, the I-Bank seeks to attain market rates of return on its investments throughout economic cycles, consistent with constraints imposed by its safety and liquidity objectives. For any funds not invested in SMIF, the Executive Director shall monitor and report the portfolio's performance in the Executive Director's quarterly report (described in 16.0 below).

For bond funds, the I-Bank seeks to optimize the return on its investments consistent with constraints imposed by its safety and liquidity objectives, arbitrage rebate regulations, and market conditions.

16.0 Reporting

The Executive Director shall submit a monthly transaction report and a quarterly investment report on the I-Bank's investments to the Board. Except for funds invested in SMIF, the quarterly report shall include the following information for each individual investment: description of investment instrument, issuer name, maturity date, credit rating, coupon rate, effective yield, purchase price, par value, book value, current market value and the source of the valuation.

The quarterly report shall also state compliance of the portfolio to the Policy, or manner in which the portfolio is not in compliance, and include a statement denoting the ability of the I-Bank to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money may or may not be available. The quarterly report shall be submitted within 30 days following the end of the month covered by the report.

For bond funds, the Executive Director shall monitor the status of each bond issue to ensure that each issue's arbitrage rebate status is tracked and reported in compliance with the provisions of the Internal Revenue Code and related Treasury Regulations.

17.0 Policy Adoption

This Policy shall be reviewed annually by the Board. Any change in the Policy shall be reviewed and approved by the Board at a regularly scheduled meeting.

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Exhibit A
Government Code 16430 Permitted Investments

Note: the underlined text represents additional criteria established by the I-Bank that is not listed in Government Code Section 16430.

Government Code Section 16430:

- a. Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.
- b. Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States. There is no limitation as to the percentage of the portfolio that may be invested in this category; however, the amount invested in any one issuer, including related entities, may not exceed 30 percent of the portfolio.
- c. Bonds and notes of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest. A maximum of 30 percent of the portfolio may be invested in this category.
- d. Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the state, municipal utility district, or school district of this state. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested with any one issuer, including related entities, shall not exceed 10 percent of the portfolio.
- e. Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, in debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, in bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, in stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, and in the bonds of any federal home loan bank established under that act, obligations of the Federal Home Loan Mortgage Corporation, in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act as amended, and bonds, notes, and other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act as amended. There is no limitation as to the percentage of the portfolio that may be invested in this category; however, the amount invested in any one issuer, including related entities, may not exceed 30 percent of the portfolio.
- f. (1) Commercial paper of "prime" quality as defined by a nationally recognized organization that rates these securities. Eligible paper is further limited to issuing corporations, trusts, or

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limited liability companies approved by the Pooled Money Investment Board that meet the conditions in either subparagraph (A) or subparagraph (B):

(A) Both of the following: (i) Organized and operating within the United States. (ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

(B) Both of the following: (i) Organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Having program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) Purchases of eligible commercial paper may not exceed 180 days' maturity, represent more than 10 percent of the outstanding paper of an issuing corporation, trust, or limited liability company, nor exceed 30 percent of the resources of an investment program. At the request of the Pooled Money Investment Board, this investment shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer, including related entities, shall not exceed 10 percent of the portfolio.

- g. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System. A maximum of 40 percent of the portfolio may be invested in this category. The amount invested in bankers acceptances with any one financial institution in combination with any other securities from that financial institution, including related financial institutions, shall not exceed 10 percent of the portfolio.
- h. Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits do not come within the provisions of Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600). The amount invested in negotiable certificates of deposits with any one financial institution in combination with any other securities from that financial institution, including related financial institutions, shall not exceed 10 percent of the portfolio.
- i. The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration. A maximum of 25 percent of the portfolio may be invested in this category.
- j. Bank loans and obligations guaranteed by the Export-Import Bank of the United States. A maximum of 10 percent of the portfolio may be invested in this category.
- k. Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 and following) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2). A maximum of 10 percent of the portfolio may be invested in this category.

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- l. Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico. The amount invested in any one issuer may not exceed 10 percent of the portfolio.
- m. Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall be within the top three ratings of a nationally recognized rating service. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in corporate notes of any one issuer in combination with any other securities from that issuer, including related entities, shall not exceed 10 percent of the portfolio.

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Exhibit B
Government Code 63062(a) Permitted Investments

Note: the underlined text represents additional criteria established by the I-Bank that is not listed in Government Code Section 16430.

Government Code 63062(a):

The I-Bank may, from time to time, direct the Treasurer to invest moneys in the guarantee trust fund that are not required for its current needs in any eligible securities specified in Section 16430 that the bank shall designate. The amount invested in any eligible security shall not exceed the limits permitted under Appendix A. The I-Bank may direct the Treasurer to invest the moneys by entering into repurchase agreements or reverse repurchase agreements, which, for purposes of this section, shall mean agreements for the purchase or sale of eligible securities pursuant to which the seller or buyer agrees to repurchase or sell back the securities on or before a specified date and for a specified amount. The I-Bank may direct the Treasurer to invest the moneys in the subordinated securities of the bank, a special purpose trust, or a sponsor. The I-Bank may direct the Treasurer to invest the moneys in investment agreements with corporations, financial institutions, or national associations within the United States that are rated by a nationally recognized rating service within the top three rating categories of the service. For purposes of this section, investment agreements shall mean any agreement for the investment of moneys in the guarantee trust fund whether at fixed or variable interest rates, and may include, but not be limited to, repurchase agreements, notes, uncollateralized time deposits, certificates of deposit, and the subordinated securities of the bank, a special purpose trust, or a sponsor. The I-Bank may direct the Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. Investments types permitted under Government Code 63062(a), but not otherwise specified in Section 16430, shall meet the minimum criteria for purchase as required under the relevant section in Exhibit D.

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Exhibit C
Infrastructure State Revolving Fund Revenue Bonds
Permitted Investments per Series 2004 and 2005 Indentures

“Permitted Investments” means any of the following, if and to the extent the same are at the time legal for investment of funds held under this Series Indenture:

- a. Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- b. Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States.
- c. Bonds and notes of the State, or those for which the faith and credit of the State are pledged for the payment of principal and interest, provided that the ratings of such bonds and notes of the State are rated within the top three rating categories, ignoring modifiers, by S&P, Moody’s and Fitch, if rated by Fitch.
- d. Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, State water district, State water storage district, irrigation district in the State, municipal utility district, or school district of the State, provided that the ratings of such bonds or warrants are rated within the top three rating categories, ignoring modifiers, by S&P, Moody’s and Fitch, if rated by Fitch.
- e. Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, in debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, in bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, in stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, and in the bonds of any federal home loan bank established under that act, obligations of the Federal Home Loan Mortgage Corporation, in bonds, notes, and other obligations issued by the Tennessee Valley Issuer under the Tennessee Valley Act as amended, and bonds, notes, and other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act as amended.
- f. Commercial paper rated within the top two rating categories, ignoring modifiers, by S&P, Moody’s and Fitch, if rated by Fitch. Eligible paper is further limited to issuing corporations or trusts approved by the State of California Pooled Money Investment Board that meet the conditions in either subparagraph (A) or subparagraph (B):
 - (A) Both of the following: (i) Organized and operating within the United States. (ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

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- (B) Both of the following: (i) Organized within the United States as a special purpose corporation or trust. (ii) Having program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

Purchases of eligible commercial paper may not exceed 180 days' maturity, represent more than 10 percent of the outstanding paper of an issuing corporation or trust, nor exceed 30 percent of the resources of an investment program. At the request of the State of California Pooled Money Investment Board, the investment shall be secured by the Issuer by depositing with the State Treasurer securities authorized by California Government Code Section 53651 having a market value at least 10 percent in excess of the amount of the state's investment.

- g. Bills of exchange or time drafts drawn on and accepted by a commercial bank rated in the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System.
- h. Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union rated in the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch. For the purposes of this definition, negotiable certificates of deposits do not come within the provisions of Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600) of the California Government Code.
- i. The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.
- j. Bank loans and obligations guaranteed by the Export-Import Bank of the United States.
- k. Student loan obligations insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 and following) with debt rated in the top three rating categories by S&P, Moody's and Fitch, if rated by Fitch and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).
- l. Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico and rated in the top three rating categories by S&P, Moody's and Fitch, if rated by Fitch.
- m. Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision (m) shall be within the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch.

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- n. The California State Surplus Money Investment Fund established pursuant to California Government Code Section 16470, as amended from time to time.
- o. Repurchase agreements with entities rated in top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch.
- p. Investments or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations or any guarantor of the debt of such corporations, institutions, or associations ("providers"), is rated within the top two rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch; or such investments or other contractual arrangements are collateralized by Permitted Investments of the type and in the amounts consistent with maintaining the then-current ratings on the 2005 Bonds by each of the Rating Agencies, but in all events the senior long-term debt of such providers shall be rated in the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch.
- q. Forward purchase agreements collateralized with obligations described in (a) through (d) above with corporations, financial institutions or national associations within the United States rated in the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch.
- r. Money market funds including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services rated in the top three rating categories, ignoring modifiers, by S&P, Moody's and Fitch, if rated by Fitch.

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Exhibit D
State School Fund Apportionment Lease Revenue Bonds
Permitted Investments per Indenture

“Permitted Investments” means any of the following that at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee may rely upon investment direction of the I-Bank as a determination that such investment is a legal investment):

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).
2. Direct obligations of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
 - (a) Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
 - (b) Federal Housing Administration – debentures
 - (c) General Services Administration – participation certificates
 - (d) Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
 - (e) Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
 - (f) U.S. Department of Housing & Urban Development – local authority bonds
 - (g) U.S. Maritime Administration – guaranteed Title XI financings
 - (h) Washington Metropolitan Area Transit Authority – guaranteed transit bonds
3. Direct obligations of the following federal agencies which are not fully guaranteed by the full faith and credit of the United States of America:
 - (a) Federal National Mortgage Association (“FNMAs”) – senior debt obligations rated Aaa by Moody’s Investors Service (“Moody’s”) and AAA by Standard & Poor’s Ratings Services (“S&P”)
 - (b) Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
 - (c) Federal Home Loan Banks – consolidated debt obligations
 - (d) Student Loan Marketing Association – debt obligations

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- (e) Resolution Funding Corporation – debt obligations
4. Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.
 5. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.
 6. Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.
 7. Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).
 8. Investments in money-market funds rated AAAM or AAAM-G by S&P.
 9. State-sponsored investment pools rated AA- or better by S&P.
 10. Repurchase agreements that meet the following criteria:
 - (a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
 - (b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by the Bond Insurer and rated Aaa by Moody's and AAA by S&P.
 - (c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
 - (d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the

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- repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's or FHLMC's. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.
- (e) The repurchase securities shall be delivered free and clear of any lien to the bond trustee (herein, the "Trustee") or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
 - (f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.
 - (g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.
 - (h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Bond Insurer directs otherwise:
 - (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
 - (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or
 - (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.
11. Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:
- (a) A master agreement or specific written investment agreement governs the transaction.
 - (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated Aaa by Moody's and AAA by S&P.

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- (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Bond Insurer and rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 11(f) below.
- (d) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.
- (f) The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:
 - (i) U.S. Government Securities at 104% of principal plus accrued interest; or
 - (ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.
- (g) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
 - (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
 - (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
 - (iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.
- (h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

Attachment A
RFQ for Investment Advisor

- (i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee and the Bond Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
- (j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
 - (i) In the event of a deficiency in the Debt Service Account;
 - (ii) Upon acceleration after an Event of Default;
 - (iii) Upon refunding of the Bonds in whole or in part;
 - (iv) Reduction of the Reserve Fund Requirement for the bonds; or
 - (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the issuer's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to the Reserve Fund.

- (k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:
 - (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
 - (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
 - (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
 - (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
 - (v) The guaranty (if any) is terminated, repudiated or challenged; or
 - (vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

Attachment A
RFQ for Investment Advisor

- (l) The investment agreement must incorporate the following general criteria:
 - (i) “Cure periods” for payment default shall not exceed two (2) business days;
 - (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Bond Insurer;
 - (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Bond Insurer;
 - (iv) If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
 - (v) The provider shall be required to immediately notify the Bond Insurer and the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider’s ratings;
 - (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim;
 - (vii) The agreement shall require the provider to submit information reasonably requested by the Bond Insurer, including balance invested with the provider, type and market value of collateral and other pertinent information.
12. Forward delivery agreements in which the securities delivered mature on or before each Interest Payment Date (for debt service or the Reserve Fund) or draw down date (construction funds) that meet the following criteria:
 - (a) A specific written investment agreement governs the transaction.
 - (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated Aaa by Moody’s and AAA by S&P.
 - (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider’s ratings are suspended, withdrawn or fall below A3 or P-1 from Moody’s or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
 - (d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

Attachment A
RFQ for Investment Advisor

- (e) The forward delivery agreement shall include the following provisions:
- (i) The permitted securities must mature at least one (1) business day before an Interest Payment Date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
 - (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
 - (iii) Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service on the Bonds and Reserve Fund replenishments.
 - (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to the Bond Insurer.
 - (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Bond Insurer.
13. Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Bond Insurer; provided that any such investment provider is rated at least A-/A-1 or better by S&P.
14. Any other investment approved in writing by the Bond Insurer; provided that any such investment provider is rated at least A-/A-1 or better by S&P.

Attachment B - RFQ for Investment Advisor
California Infrastructure and Economic Development Bank - Investment Report
Quarter Ending December 31, 2008

I-BANK FUNDS												
	Purchase Date	Issuer	Maturity Date	Credit Rating	Coupon Rate	Effective Yield		Purchase Price	Par Value	Book Value	Current Mkt. Value	Valuation Source(1)
Series 2004 ISRF Bond Funds												
Money Market Funds												
2004 Revenue Fund	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,825,986.56	\$1,825,986.56	\$1,825,986.56	WFB
2004 Debt Service Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$238.88	\$238.88	\$238.88	WFB
2004 Reserve Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3,527,242.50	\$3,527,242.50	\$3,527,242.50	WFB
2004 Administrative Expense Acct	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1.20	\$1.20	\$1.20	WFB
2004 Obligation Fund	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$690,000.00	\$690,000.00	\$690,000.00	WFB
									\$6,043,469.14	\$6,043,469.14	\$6,043,469.14	
Series 2005 ISRF Bond Funds												
Money Market Funds												
2005 Revenue Fund Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$2,176,483.26	\$2,176,483.26	\$2,176,483.26	WFB
2005 Debt Service Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB
2005 Reserve Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3,894,402.64	\$3,894,402.64	\$3,894,402.64	WFB
2005 Administrative Expense Acct	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$2.71	\$2.71	\$2.71	WFB
2005 Obligation Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,404.10	\$1,404.10	\$1,404.10	WFB
2005 Rebate Fund Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB
									\$6,072,292.71	\$6,072,292.71	\$6,072,292.71	
Series 2008 ISRF Bond Funds												
Money Market Funds												
2008 Revenue Fund	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$305,962.03	\$305,962.03	\$305,962.03	WFB
2008 Debt Service Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB
2008 Reserve Fund	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3,425,373.53	\$3,425,373.53	\$3,425,373.53	WFB
2008 Administrative Expense Acct	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB
2008 Cost Of Issuance Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$20,096.24	\$20,096.24	\$20,096.24	WFB
2008 Obligation Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$13,747,228.31	\$13,747,228.31	\$13,747,228.31	WFB
									\$17,498,660.11	\$17,498,660.11	\$17,498,660.11	
ISRF Bond Master Indenture Accounts												
Money Market Funds												
Cross Collateral Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$346,629.10	\$346,629.10	\$346,629.10	WFB
Equity Account	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$8,019,344.20	\$8,019,344.20	\$8,019,344.20	WFB
									\$8,365,973.30	\$8,365,973.30	\$8,365,973.30	
CIEDB Fund 0649												
Surplus Money Investment Fund												
		SMIF	Daily	Not rated	NA	2.53%	(23)	NA	\$41,509,533.76	\$41,509,533.76	\$41,509,533.76	SMIF
Guarantee Trust Fund 9328												
Surplus Money Investment Fund												
		SMIF	Daily	Not rated	NA	2.53%	(3)	NA	\$23,801,980.91	\$23,801,980.91	\$23,801,980.91	SMIF

Attachment B - RFQ for Investment Advisor
California Infrastructure and Economic Development Bank - Investment Report
Quarter Ending December 31, 2008

NON I-BANK FUNDS													
	Purchase Date	Issuer	Maturity Date	Credit Rating	Coupon Rate	Effective Yield		Purchase Price	Par Value	Book Value	Current Mkt. Value	Valuation Source (1)	
Series 2004 ISRF Bond Funds													
Money Market Funds													
2004 Reserve Accounts:													
Southwest Transportation Agency	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$360,275.89	\$360,275.89	\$360,275.89	WFB	
Stockton Port District	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$631,714.31	\$631,714.31	\$631,714.31	WFB	
Trinity Public Utility District	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$495,316.02	\$495,316.02	\$495,316.02	WFB	
									\$1,487,306.22	\$1,487,306.22	\$1,487,306.22		
2004 Obligation Subaccounts:													
City of Laguna Beach	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,913,714.27	\$1,913,714.27	\$1,913,714.27	WFB	
Squaw Valley Public Utility District	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$61.11	\$61.11	\$61.11	WFB	
County of San Bernardino	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$150.73	\$150.73	\$150.73	WFB	
City of Kingsburg	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$2,033,243.67	\$2,033,243.67	\$2,033,243.67	WFB	
City of Porterville	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$641,770.43	\$641,770.43	\$641,770.43	WFB	
County of Siskiyou	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$51.91	\$51.91	\$51.91	WFB	
Los Osos Community Services District	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$488,934.58	\$488,934.58	\$488,934.58	WFB	
County of Placer	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$2.46	\$2.46	\$2.46	WFB	
City of Mendocino	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.54	\$0.54	\$0.54	WFB	
City of Shasta Lake	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3.18	\$3.18	\$3.18	WFB	
City of El Segundo	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,980,038.70	\$1,980,038.70	\$1,980,038.70	WFB	
City of Anderson	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB	
County of Marin	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$681,600.00	\$681,600.00	\$681,600.00	WFB	
									\$7,739,571.58	\$7,739,571.58	\$7,739,571.58	WFB	
Series 2005 ISRF Bond Funds													
Money Market Funds													
2005 Obligation Subaccounts:													
City of Sacramento	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,382,199.45	\$1,382,199.45	\$1,382,199.45	WFB	
City of Madera	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$113,359.02	\$113,359.02	\$113,359.02	WFB	
City of San Bernardino	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$888,920.95	\$888,920.95	\$888,920.95	WFB	
City and County of Sacramento	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,262,707.68	\$1,262,707.68	\$1,262,707.68	WFB	
County of Placer	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$323,471.69	\$323,471.69	\$323,471.69	WFB	
City of Monterey Park	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$370,725.49	\$370,725.49	\$370,725.49	WFB	
City of Greenfield	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,438,515.82	\$1,438,515.82	\$1,438,515.82	WFB	
City of Greenfield Wastewater	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$407,065.89	\$407,065.89	\$407,065.89	WFB	
City of Redlands	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$244,793.18	\$244,793.18	\$244,793.18	WFB	
City of San Marino	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$60,367.21	\$60,367.21	\$60,367.21	WFB	
County of Kern	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3,188,460.14	\$3,188,460.14	\$3,188,460.14	WFB	
City of San Bernardino Municipal Water I	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$195,675.18	\$195,675.18	\$195,675.18	WFB	
City of Mt Shasta Obligation	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$838,700.90	\$838,700.90	\$838,700.90	WFB	
									\$10,714,962.60	\$10,714,962.60	\$10,714,962.60		
Series 2008 ISRF Bond Funds													
Money Market Funds													
2008 Paradise Irrigation District	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB	
2008 County of Shasta	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$0.00	\$0.00	\$0.00	WFB	
2008 Eureka Redevelopment Agency	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,488,916.35	\$1,488,916.35	\$1,488,916.35	WFB	
2008 Montara Water and Sanitary Dis.	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$1,011,878.31	\$1,011,878.31	\$1,011,878.31	WFB	
2008 Bakersfield Redevelopment Ag.	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$10,018,597.19	\$10,018,597.19	\$10,018,597.19	WFB	
2008 City of Sacramento	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$3,506,509.02	\$3,506,509.02	\$3,506,509.02	WFB	
2008 Valley of the Moon Water Distr.	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$182,395.98	\$182,395.98	\$182,395.98	WFB	
2008 City of San Luis Obispo	Multiple	Wells Fargo Advant. Gov. MMF	Daily	AAA/Aaa	NA	0.50%	(2)	\$1.00	\$9,997,263.86	\$9,997,263.86	\$9,997,263.86	WFB	
									\$26,205,560.71	\$26,205,560.71	\$26,205,560.71		

Attachment B - RFQ for Investment Advisor
California Infrastructure and Economic Development Bank - Investment Report
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NON I-BANK FUNDS												
Purchase Date		Issuer	Maturity Date	Credit Rating	Coupon Rate	Effective Yield	Purchase Price		Par Value	Book Value	Current Mkt. Value	Valuation Source (1)
State School Fund Bond Funds												
Money Market Funds												
Series 2005A State School Fund Bond Funds												
Vallejo City USD Interest Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
Vallejo City USD Principal Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.03	\$0.03	\$0.03	Fidelity
Vallejo City USD Revenue Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$1,523,695.07	\$1,523,695.07	\$1,523,695.07	Fidelity
Vallejo City USD Admin Exp. Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$39,336.64	\$39,336.64	\$39,336.64	Fidelity
Vallejo City USD Rebate Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
									\$1,563,031.74	\$1,563,031.74	\$1,563,031.74	
Series 2005B State School Fund Bond Funds												
W. Contra Costa USD Interest Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
W. Contra Costa USD Principal Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
W. Contra Costa USD Revenue Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$1,494,174.02	\$1,494,174.02	\$1,494,174.02	Fidelity
W. Contra Costa USD Admin. Exp. Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$33,705.86	\$33,705.86	\$33,705.86	Fidelity
W. Contra Costa USD Rebate Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
									\$1,527,879.88	\$1,527,879.88	\$1,527,879.88	
Series 2008 State School Fund Bond Funds												
Oakland USD Interest Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$605.20	\$605.20	\$605.20	Fidelity
Oakland USD Principal Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$21.48	\$21.48	\$21.48	Fidelity
Oakland USD Revenue Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$4,724,057.00	\$4,724,057.00	\$4,724,057.00	Fidelity
Oakland USD Admin. Exp. Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$50,107.51	\$50,107.51	\$50,107.51	Fidelity
Oakland USD Reserve Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$5,537,526.70	\$5,537,526.70	\$5,537,526.70	Fidelity
Oakland USD Rebate Fund	Multiple	Fidelity Government MMF	Daily	AAA/Aaa	NA	1.03%	(4)	\$1.00	\$0.00	\$0.00	\$0.00	Fidelity
									\$10,312,317.89	\$10,312,317.89	\$10,312,317.89	

Footnotes:

- (1) AIG - American International Group, Inc.
WFB - Wells Fargo Bank
SMIF - Surplus Money Investment Fund
Fidelity - Fidelity Management Research

(2) Wells Fargo Advantage Government Money Market Fund rates represent the 7-day yield as of 12-31-08.

(3) SMIF rates represent the apportionment yield rate for the quarter ending 12-31-08.

(4) Fidelity Government Money Market Fund rates represent the 7-day yield as of 12/31/08.

For the Quarter ending December 31, 2008, the I-Bank's investments were in compliance with the Investment Policy dated March 28, 2006, as amended, and there are sufficient funds to meet the I-Bank's expenditure requirements for the next six months.

ATTACHMENT C

AGREEMENT GENERAL TERMS AND CONDITIONS

1. Contractor agrees that the I-Bank, the Department of General Services the Bureau of State Audits, or their designated representatives, and any representative of the Internal Revenue Service auditing bonds for which services were provided to the I-Bank, shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for a minimum of seven (7) years after the retirement of the bonds for which services were provided. Contractor agrees to allow access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
2. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

3. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
 - a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - b. Establish a Drug-Free Awareness Program to inform employees about:
 1. the dangers of drug abuse in the workplace;

2. the Contractor's policy of maintaining a drug-free workplace;
 3. any available counseling, rehabilitation and employee assistance programs; and,
 4. penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
1. receive a copy of the Contractor's drug-free workplace policy statement; and,
 2. agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

4. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.
5. DOMESTIC PARTNERS: Contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.
6. CHILD SUPPORT COMPLIANCE ACT: Contractor acknowledges in accordance with Public Contract Code 7110, that:
 - a. Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
 - b. Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
7. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

8. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
9. ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
10. INDEMNIFICATION: Contractor agrees to indemnify, defend and save harmless the I-Bank, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, and any other person, firm or corporation furnishing or supplying services in connection with the performance of this Agreement, and from any and all claims and losses (not including investment losses) accruing or resulting from Contractor's performance of this Agreement.
11. CONFLICT OF INTEREST: Contractor has been informed of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, Contractor shall contact the I-Bank immediately for clarification.

For Current State Employees (Pub. Contract Code §10410):

- a. No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- b. No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

For Former State Employees (Pub. Contract Code §10411):

- a. For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- b. For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of subparagraphs (a) and (b) above, such action by Contractor shall render this Agreement void. (Public Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contract Code §10430 (e))

12. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.
13. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:
 - a. Contractor acknowledges that the I-Bank will be verifying that the Contractor is currently qualified to do business in California, and that "doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
 - b. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Contractor acknowledges that the I-Bank will determine whether Contractor, if Contractor is a corporation or other entity requiring registration with the Secretary of State, is in good standing by contacting the Office of the Secretary of State.